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ST. MARY ASSOCIATION FOR  
RETARDED CITIZENS, INC.  
Centerville, Louisiana

ANNUAL FINANCIAL REPORT

June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

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ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
St. Mary Association for Retarded Citizens, Inc.  
Centerville, Louisiana 70522

We have audited the accompanying statement of financial position of the St. Mary Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Association for Retarded Citizens, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2008, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Kolder, Champagne, Slaven & Company, LLC*  
Certified Public Accountants

Franklin, Louisiana  
December 2, 2008

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 125,814
Accounts receivable	
Medicaid/Medicare	10,901
Prepaid insurance	<u>1,897</u>
Total current assets	<u>138,612</u>
Fixed assets:	
Buildings and improvements	145,138
Furniture and equipment	92,251
Vehicles	<u>222,665</u>
	460,054
Less: accumulated depreciation	<u>(327,693)</u>
	<u>132,361</u>
Total assets	<u>\$ 270,973</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable and accrued expenses	\$ 5,004
Accrued and withheld payroll taxes	<u>3,438</u>
Total current liabilities	8,442
Non-current liabilities	<u>-</u>
Total liabilities	8,442
Net assets:	
Unrestricted net assets	<u>262,531</u>
Total liabilities and net assets	<u>\$ 270,973</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT AND REVENUE:

Support:

Grants and contracts	\$ 57,078
Fundraising	-
Contributions	19,823
Total support	<u>76,901</u>

Revenue:

Program service fees	47,023
Membership fees	3,457
Medicaid/Medicare	248,377
Other	4,383
Total revenue	<u>303,240</u>

Total support and revenue	<u>380,141</u>
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EXPENSES:

Program services:

Adult habilitation	240,395
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Support services:

General and administrative	53,661
Fundraising	-

Total expenses	<u>294,056</u>
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Change in net assets	86,085
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Net assets, beginning of year	<u>176,446</u>
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Net assets, end of year	<u>\$ 262,531</u>
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The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 86,085
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	17,540
Increase in accounts receivable	(6,917)
Increase in accounts payable and accrued expenses	26
Net cash provided by operating activities	<u>96,734</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(68,251)</u>
Net cash used by investing activities	<u>(68,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Increase in cash and cash equivalents	28,483
Cash and cash equivalents, beginning of year	<u>97,331</u>
Cash and cash equivalents, end of year	<u>\$125,814</u>
Supplemental Information:	
Interest Paid	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008

	Program Services			
	Adult Habilitation	General and Administrative	Fund Raising	Total Expenses
Salaries	\$ 131,030	\$ 30,735	\$ -	\$ 161,765
Payroll taxes	8,511	1,996	-	10,507
Total salaries and related expenses	139,541	32,731	-	172,272
Conference and meetings	1,148	-	-	1,148
Dues	-	2,044	-	2,044
Insurance	30,699	5,121	-	35,820
Office expense	-	4,939	-	4,939
Postage	-	342	-	342
Professional fees	-	6,384	-	6,384
Program service supplies	1,175	-	-	1,175
Repairs and maintenance	6,959	773	-	7,732
Supplies	2,927	325	-	3,252
Telephone	1,822	202	-	2,024
Thrift store occupancy	1,645	-	-	1,645
Thrift store rent	6,600	-	-	6,600
Transportation	20,484	-	-	20,484
Utilities	8,780	732	-	9,512
Miscellaneous	1,075	68	-	1,143
Total expenses before depreciation	222,855	53,661	-	276,516
Depreciation expense	17,540	-	-	17,540
Total expenses	\$ 240,395	\$ 53,661	\$ -	\$ 294,056

The accompanying notes are an integral part of these financial statements.



ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Mary Association for Retarded Citizens, Inc. operates a non-profit school located in Centerville, Louisiana. The Association provides adult day services to the mentally retarded adults of St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticulture, and janitorial. The Association is supported primarily through Medicaid waiver reimbursements from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities.

Income Tax Status

St. Mary Association for Retarded Citizens, Inc. is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2008 there were no cash equivalents.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Property and Equipment

Property and equipment are capitalized at cost. It is the Association's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Depreciation is computed using the modified accelerated cost recovery system over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2008

Contributed Service

During the year ended June 30, 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association at the center, but these services do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Association has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support and Revenue

St. Mary Association for Retarded Citizens, Inc. entered into a contract with the Louisiana Department of Health and Hospitals - Office for Citizens with Development Disabilities to provide habilitation services to mentally retarded adults in St. Mary Parish.

Program Revenue

The Association receives program service fees from janitorial services, recycling programs, and selling of second hand items. The Association also received Medicare payments for billable client services. Support and revenue are recognized when earned.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.  
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2: ACCOUNTS RECEIVABLE

As of June 30, 2008, accounts receivable was comprised of:

Medicaid/Medicare:

Louisiana Department of Health and Hospitals	<u>\$ 10,901</u>
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Independent Auditor's Report Required  
By *Governmental Auditing Standards*

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
St. Mary Association for Retarded Citizens, Inc.  
Centerville, Louisiana 70522

We have audited the financial statements of the St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Association for Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Mary Association for Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of

control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described as item 2008-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Mary Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors of the St. Mary Association of Retarded Citizens, its management and its grantor agencies and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, the Legislative Auditor will distribute this document as a public record.

*Holder, Champagne, Slaven & Company, LLC*  
Certified Public Accountants

Franklin, Louisiana  
December 2, 2008

*Supplemental Information  
Schedules*

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2008

2007-1 Segregation of Duties

The conditions giving rise to this finding are still present during the year ending June 30, 2008 and; therefore, this finding will be restated in the current audit as finding 2008-1.



## ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

We have audited the accompanying financial statements of the St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 2008. We expressed an unqualified opinion on the financial statements of the St. Mary Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Section I: Summary of Auditor's Reports**

## a. Report on Internal Control and Compliance Material to the Financial Statements

## Internal Control

Material Weaknesses ☒ Yes \_\_\_ No Reportable Conditions ☒ Yes \_\_\_ No

## Compliance

Compliance Material to Financial Statements \_\_\_ Yes ☒ No

## b. Federal Awards

The Association did not receive any federal awards for the year ended June 30, 2008.

**Section II: Financial Statement Findings**2008-1 Segregation of Duties

Finding: The Association does not have adequate segregation of duties within its accounting and financial functions.

Cause: Due to the limited number of personnel performing administrative functions, the same person within the Association checks the mail, writes checks, reconciles the bank statement and enters information into the general ledger.

Recommendation: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

**Section III: Federal Awards Findings and Questioned Costs**

The Association did not receive any federal funds during the year ended June 30, 2008.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Management's Response and Corrective Action Plan for Current Year Findings  
For the Year Ended June 30, 2008

2008-1 Segregation of Duties

The Board has determined that it is not feasible to hire additional personnel. At the present time the Director is handling the duties under the oversight of the Board.